

Message Text

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64

ORIGIN EB-07

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TO AMEMBASSY MANILA PRIORITY

INFO USMISSION GENEVA

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E.O. 11652:N/A

TAGS:ETRD, RP

SUBJECT: PHILIPPINE TEXTILE AGREEMENT

REF: MANILA 808

GENEVA FOR PHELAN

1. WITH REGARD TO GOP REQUESTS CONTAINED REFTEL:

A) CATEGORY 221 (SWEATERS AND CARDIGANS, KNIT) -

THIS CATEGORY IS VERY SENSITIVE APPAREL CATEGORY WITH A

SPECIFIC LIMIT. THERE WAS NO IMPLICATION WHEN AGREEMENT

WAS NEGOTIATED THAT THIS CATEGORY COULD BE INCREASED

ABOVE LEVELS PROVIDED FOR IN AGREEMENT. WE HAVE,

NEVERTHELESS, CAREFULLY EXAMINED CURRENT SITUATION IN US

INDUSTRY TO DETERMINE IF WE COULD GRANT GOP REQUEST. OUR

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FINDINGS ARE THAT THE SECTION OF THE US INDUSTRY PRO-

DURING CATEGORY 221 TEXTILES IS STILL UNDER HEAVY PRESSURE FROM IMPORTS, AND WE ARE, THEREFORE, UNABLE TO INCREASE THIS LIMITATION LEVEL. EMBASSY MAY POINT OUT THAT IF GOP WISHES TO TAKE ADVANTAGE OF "SWING" OF 7

PERCENT (PARA 6 OF AGREEMENT) OR "CARRY FORWARD" OF 6 PERCENT (PARA 9 OF AGREEMENT) FOR THIS CATEGORY, GOP HAS ONLY TO MAKE A REQUEST TO THIS EFFECT.

B) CATEGORY 218 (T-SHIRTS, KNIT) - THIS CONSULTATION CATEGORY IS EXTREMELY SENSITIVE AND WE HAVE RECENTLY REFUSED SEVERAL REQUESTS FOR INCREASES SINCE EVIDENCE INDICATES A PRIMA-FACIE CASE OF THREAT OF MARKET DISRUPTION. DURING THE NEGOTIATIONS, WE DID PROMISE GOP THAT WE WOULD NOT RPT NOT CONSIDER PHILIPPINE CASE IN SAME LIGHT AS THAT OF LARGER SUPPLIERS AND WE REALIZE THAT CURRENT LIMITATION LEVEL IS MINIMUM UNDESIGNATED CONSULTATION LEVEL. THEREFORE, WE AGREE THAT GOP MAY EXCEED THE CONSULTATION LEVEL BY 500,000 SYE, GIVING A NEW LIMITATION LEVEL OF 1,200,000. IF SHIPMENTS REACH THIS LEVEL THE PHILIPPINES WOULD BE FOURTH LARGEST SUPPLIER OF THIS CATEGORY TO U.S. MARKET.

C) CATEGORIES 62 PART AND 43/62 PART (SEE AGREEMENT

FOR DESCRIPTION OF ITEMS COVERED) ALTHOUGH GOP REQUEST SPECIFIED CATEGORY 62 AND CATEGORY 43, WE BELIEVE REQUEST WAS MEANT TO REFER TO CATEGORY 62 PART AND 43/62 PART RESPECTIVELY - AGAIN, THESE APPAREL CONSULTATION CATEGORIES ARE VERY SENSITIVE. WE ARE RE-EXAMINING CURRENT STATE OF U.S. INDUSTRY AS WELL AS GOP SHIPMENTS, BUT BECAUSE THESE ARE "PART" CATEGORIES, DATA IS LESS READILY AVAILABLE THAN OTHERWISE. WE WILL ADVISE EMBASSY SHORTLY AS TO RESULT OF STUDIES AND US RESPONSE TO GOP REQUEST. WE ARE AWARE OF U.S. RESPONSIBILITIES UNDER PARA 7 OF AGREEMENT SHOULD WE BE UNABLE TO AGREE THAT GOP EXCEED PRESENT CONSULTATION LEVELS.

2. REQUEST EMBASSY DISCUSS INFO CONTAINED PARA 1 WITH APPROPRIATE OFFICIALS IN GOP AND NOTE THAT WE WILL LIMITED OFFICIAL USE

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FURNISH RESPONSE ON CATEGORIES 62 PART AND 43/62 PART SHORTLY. KISSINGER

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